# Car benefits and car fuel benefits

**This Help Sheet gives you information to help you fill in boxes 1.16 and 1.17 on the Employment Pages of your Tax Return. The notes below refer, by *letter* to boxes you will need to fill in on the Working Sheet on page 4. The box *numbers* below refer to boxes on the Employment Pages. You will need to fill in a separate Working Sheet for each car made available to you in the year 1999-2000.**

**Page 5 contains an example of how to fill in the Working Sheet.**

## Car 'cash equivalent'

**A** **Enter the price of the car and the price of any optional accessories that were available with the car when it was first provided to you**. Ask your employer for the details you need to fill in box A (and box B). 'Price' for the purpose of the car benefit charge will usually be the total of:

the manufacturer's, importer's or distributor's list price of the car ▶ the published price for the day before the date of the car's first registration including VAT, car tax (where appropriate) and delivery charges including number plates. But if the car is one which was manufactured to run on road fuel gases (compressed natural gas - CNG, or liquid petroleum gas - LPG) from new, exclude from list price the amount which is solely attributable to equipment necessary to allow the car to run on CNG or LPG. This will normally mean that you use the price of the equivalent petrol model.

**and**

the list price of optional accessories (excluding those optional accessories shown below) ▶ the price published for any accessories with the car when the car was first made available to you including VAT, car tax (where appropriate) and the fitting and delivery charges.

Exclude from the optional accessories in A:

- any mobile telephone
- any accessory designed solely for use by a disabled person
- if you are a disabled person entitled to an 'orange badge' at the time the car was first made available to you, other equipment which was made available for use with the car because it enabled you to use the car in spite of the disability for which you were entitled to the 'orange badge'
- the cost of converting the car to run on CNG or LPG
- and any accessory which
  - you own yourself, **or**
  - is necessarily provided for use in the performance of the duties of your employment, **or**
  - is never fixed to the car (for example, maps, rugs).

There are separate rules for cars with no 'list price' and 'classic cars' - see booklet *IR133: Income tax and company cars from 6 April 1994: a guide for employees* or booklet 480, *Expenses and benefits - a Tax Guide* for details.

**B** Price of accessories added after the car was first made **available to you**. If any accessories were added to the car after the car was first made available to you (either in 1999-2000 or previous years) the price of those accessories must be entered in box B. The price of an accessory for this purpose includes VAT, car tax (where appropriate) and the fitting and delivery charges. The price of these additional accessories will be on the P11D.

Exclude from box B:

- any mobile telephone
- any accessory designed solely for use by a disabled person
- if you are a disabled person entitled to an 'orange badge' at the time the car was first made available to you, other equipment which was made available for use with the car because it enabled you to use the car in spite of the disability for which you were entitled to the 'orange badge'
- the cost of converting the car to run on CNG or LPG
- and any accessory or set of accessories which
  - was available with the car when the car was first made available to you (already included at A), **or**
  - had a price of less than £100, **or**
  - was added before 1 August 1993 if the car was available to you before that date, **or**
  - you own yourself, **or**
  - is necessarily provided for use in the performance of the duties of your employment, **or**
  - is never fixed to the car (for example, maps, rugs), **or**
  - replaced a previous accessory and is not superior to the accessory it replaced, **or**
  - was added after the car was first made available and then removed before 1999-2000.

**D** **Capital contribution**. Enter the amount of any lump sum payments you made towards the cost of buying:

- the car, **or**
- the accessories included in boxes A or B.

The maximum capital contribution which is allowable as a deduction is £5,000, even if you contributed more than that amount during this or earlier years.

**E** This figure is the price of the car for tax purposes - **not** the price paid for the car. It is used to calculate the car benefit cash equivalent on which you will pay tax. It will be the same figure each year that you have the car, unless accessories are added to the car in later years (see B above). The price of the car for tax purposes is limited to a maximum of £80,000.

**F** **Car benefit and business mileage.** The car benefit cash equivalent is calculated on a percentage of its price, set according to the level of your business travel in the car during the tax year (with subsequent reductions for age, unavailability and private use payments). The percentage charges for the three business mileage bands are as follows.

| Business miles travelled | Percentage of first car's price | Percentage of price of additional car(s) |
|---|---|---|
| Less than 2,500 | 35% | 35% |
| 2,500 to 17,999 | 25% | 35% |
| 18,000 or more | 15% | 25% |

If you had more than one car available for private use at the same time, the 'first car' is the car which you used for the greatest amount of business travel. The 2,500 and 18.000 mile limits are annual amounts. If the car was unavailable for part of the year, as explained in I below, the mileage limits are reduced on a time basis.

**Example**
If a car was only available for the first 73 days in the tax year, the lower business mileage limits are reduced by 2,000 [calculated as 292 (unavailable days)/365 (days in year) x 2,500] to 500. Similarly, the upper business mileage limit is reduced by 14,400 to 3,600. Note In a leap year the calculation is still based on 365 days in a year, even though there may be one extra day to include in the period of unavailability.

In this example the car benefit charge will be 25% of its price for 500 more business miles and 15% of its price for 3,600 or more.

If there is a change of car during the tax year, the business mileage limits are reduced proportionately for each car. They are then applied **separately** to the business miles you have driven in each car. Sometimes this will mean that the percentage of the car's price is, for example, 25% for one car and 15% for the other.

Business travel means travelling which you have to do in the course of doing your job (such as travel from your office to visit a client), or travel to a temporary workplace you had to attend to perform your duties. It does not include ordinary commuting (see the notes for box 1.32 in your Notes on Employment).

**I** **Time apportionment**. The benefit charge is reduced on a time basis in proportion to the number of days when the car was unavailable to you or members of your family or household. It is treated as unavailable on any day:

- before it was first made available to you, **or**
- after it finally stopped being available to you, **or**
- **if that day fell in a continuous period of 30 days** or more throughout which it was not available to you .

**Note:** This is a test of availability of the car, not whether it was used. A car may not be used for a continuous period of 30 days but it may still be available to an employee during that period. There is no time apportionment for periods of less than 30 days during which the car was not available. See next column for the treatment of 'replacement cars' in this situation.

**K** **Payments for private use**. If as a condition of the car being available for your private use, you are required to make payments for that private use, the amount that you paid in or in respect of the year is deducted. Enter the amount you paid for the private use of the car in box K.

**L** **Car benefit charge**. This is the amount on which you will pay tax for the benefit of this car. You should add the amount in this box to any other box L figures for other cars which you were provided with in the year and **include the total in box 1.16.**

## Car fuel scale charge

A fuel scale charge will apply if you are provided with fuel for private use in a **car** which is made available to you, unless you make good the cost of all the fuel used for private journeys in the year. The amount of the fuel charge depends on the car's engine size and the type of fuel. A separate fuel scale charge applies for each car, except replacement cars (see below). The fuel scale is time apportioned if the **car** was unavailable for part of the year as described in I in the opposite column.

If your employer provided fuel for a car for business travel only, or if you made good the whole of the cost of the fuel used for private travel, enter '0' in box M on the Working Sheet.

**The car fuel scale charges**

| Cylinder capacity (cc) | Cars with petrol engines* | Cars with diesel engines |
|---|---|---|
| 1,400 or less | £1,210 | £1,540 |
| more than 1,400 but not more than 2,000 | £1,540 | £1,540 |
| more than 2,000 | £2,270 | £2,270 |

Cars without a cylinder capacity (for example, with rotary engines) all have a car scale charge of £2,270.

*Includes also other non-diesel fuels for example, LPG.

**O** **The car fuel benefit charge**. This is the amount on which you will pay tax for the fuel provided for private use in this car. You should add the amount in this box to any other box O figures for other cars for which you were provided with fuel for private use in the year and **include the total in box 1.17.**

## Replacement cars

If your normal car was unavailable for a continuous period of fewer than 30 days and during that time you were provided with a replacement car (for example, because your normal car was undergoing repairs), then you will not be charged to tax for the replacement car, provided the replacement car:

- was of a similar quality to your normal car, **or**
- was not made available to you as part of an arrangement to provide you with the benefit of a materially better car.

When this applies:

- the business mileage which you travelled in the replacement car is treated as though it was travelled in your normal car - so include that mileage in your calculation at box F
- any payment which you were required to make for the private use of the replacement car is treated as though it was a payment for the private use of your normal car - so include the amount at box K
- there will not be a fuel scale charge for the replacement car in addition to the fuel scale charge for the normal car.

## Summary

Complete a separate calculation for each car which was made available to you or members of your family or household during the year, unless the car was a replacement car (see page 2) or the car qualified as a 'pool car' for tax purposes.

References to the availability of a car for an employee includes availability of the car for members of his or her family or household. Include in box 1.22 of your Employment Pages the benefit of any chauffeur provided by reason of your employment.

Further details and examples are available in booklet *IR133: Income tax and company cars from 6 April 1994: a guide for employees* or booklet *480, Expenses and benefits - a Tax Guide*, available from the Orderline.

**Remember if you had more than one car in the 1999-2000 tax year you will need to add up figures in boxes L and O respectively in all the Working Sheets you have completed (one for each car) before filling in boxes 1.16 and 1.17 of your Employment Pages.**

## *Working Sheet*

Make | Model

Available for full year? YES/NO

Date first available / / | Date last available / /

Price of the car £

Price of optional accessories £

Total car and accessories (from P11D) **A** £

Price of accessories added after car was first made available to you (from P11D) **B** £

**C** A + B £

Capital contributions you made towards the cost of the car or accessories (maximum £5,000) **D** £

**Price of the car for 1999-2000** (maximum £80,000) **E** C *minus* D £

**The car benefit charge**
The basic benefit charge. (This figure will be 35%, 25% or 15% x E depending on business mileage and whether first or additional car.) Use the table at box F of the guidance notes to calculate the percentage **F** £

Age discount for cars four or more years old on 5 April 2000: 25% x F (zero if less than four years) **G** £

**H** F *minus* G £

Time apportionment for unavailability. Number of days unavailable* Δ

**I** Δ/365 x H £

**J** H *minus* I £

Payments made for private use of the car **K** £

**Car benefit charge for 1999-2000** **L** J *minus* K £

**The car fuel benefit charge**

Car fuel (petrol, road fuel gas or diesel) | Engine size cc

Car fuel scale charge *(see page 2)* **M** £

Time apportionment for period **car** unavailable
Number of days unavailable* Δ

**N** Δ/365 x M £

**Car fuel benefit charge for 1999-2000** **O** M *minus* N £

**Enter the figure in box L in box 1.16.**

**Enter the figure in box O in box 1.17.**

* If time apportionment is applicable, you must use the same number of days unavailable for car and fuel.



*continued over*

**Example**

In August 1997 Joe Soap had a new company car made available to him. It was an Acme Roadrunner 1.8, and the list price was £14,500 plus delivery charges of £500. Joe had asked for air conditioning to be fitted and his employer agreed, provided that Joe paid the £1,000 that this cost. In October 1997 Joe asked for the stereo system to be upgraded, and agreed to pay the extra cost of £500.

Joe pays £100 per month to his employer in return for the private use of the car. His employer provides fuel for both business and private use.

In 1999-2000 Joe drove 1,000 business miles in the car before parting with it on 31 July 1999. He took delivery of a new car the next day.

Joe's Working Sheet for the Acme Roadrunner for 1999-2000 is shown below.

## *Working Sheet*

| | | | |
|---|---|---|---|
| Make | Acme | Model | Roadrunner |
| Available for full year? YES/NO | No | | |
| Date first available | 6 / 4 / 99 | Date last available | 31 / 7 / 99 |

| | | |
|---|---|---|
| Price of the car | | £ 15,000 |
| Price of optional accessories | | £ 1,000 |
| Total car and accessories (from P11D) | A | £ 16,000 |
| Price of accessories added after car was first made available to you (from P11D) | B | £ 500 |
| | C (A + B) | £ 16,500 |
| Capital contributions you made towards the cost of the car or accessories (maximum £5,000) | D | £ 1,500 |
| **Price of the car for 1999-2000** (maximum £80,000) | E (C minus D) | £ 15,000 |
| **The car benefit charge**<br>The basic benefit charge. (This figure will be 35%, 25% or 15% x E depending on business mileage and whether first or additional car.) Use the table at box F of the guidance notes to calculate the percentage | F | £ 3,750 |
| Age discount for cars four or more years old on 5 April 2000: 25% x F (zero if less than four years) | G | £ 0 |
| | H (F minus G) | £ 3,750 |
| Time apportionment for unavailability. Number of days unavailable* Δ 248 | I (Δ/365 x H) | £ 2,548 |
| | J (H minus I) | £ 1,202 |
| Payments made for private use of the car | K | £ 400 |
| **Car benefit charge for 1999-2000** | L (J minus K) | £ 802 |

Joe had the car for 117 days in the tax year 1999-2000. In order to base the car benefit charge on 25% of the price of the car, he had to drive at least 801 business miles (2,500 x 117/365)

**The car fuel benefit charge**

| | | | |
|---|---|---|---|
| Car fuel (petrol, road fuel gas or diesel) | Petrol | Engine size | 1800 cc |
| Car fuel scale charge *(see page 2)* | | M | £ 1,540 |
| Time apportionment for period **car** unavailable<br>Number of days unavailable* Δ 248 | | N (Δ/365 x M) | £ 1,047 |
| **Car fuel benefit charge for 1999-2000** | | O (M minus N) | £ 493 |

**Enter the figure in box L in box 1.16.**

**Enter the figure in box O in box 1.17.**

* If time apportionment is applicable, you must use the same number of days unavailable for car and fuel.

*These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.*